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RUEHBR/AMEMBASSY BRASILIA 6728  
RUEHBU/AMEMBASSY BUENOS AIRES 3940  
RUEHCV/AMEMBASSY CARACAS 1300  
RUEHPE/AMEMBASSY LIMA 1199  
RUEHME/AMEMBASSY MEXICO 1650  
RUEHMN/AMEMBASSY MONTEVIDEO 3554  
RUEHQT/AMEMBASSY QUITO 3938  
RUEHSG/AMEMBASSY SANTIAGO 8454  
RULSDMK/DEPT OF TRANSPORTATION WASHINGTON DC  
RUEAYVF/FAA MIAMI ARTCC MIAMI FL  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC

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STATE FOR EB/TRA JHORWITZ AND EB/TRA/OTP BMATTINGLEY  
STATE ALSO FOR WHA/AND LPETRONI  
STATE PASS TO FAA MIAMI FOR LHART  
STATE PASS TO DOT FOR CCOLDREN  
COMMERCE FOR JANGLIN

E.O. 12958: N/A  
TAGS: [FAIR](#) [ELAB](#) [ECON](#) [PGOV](#) [BL](#)  
SUBJECT: GOB INTERVENES TO END LLOYD PILOTS' STRIKE

REF: LA PAZ 324

11. (U) Summary: President Evo Morales intervened February 9 to end a strike by members of Lloyd Aero Boliviano's pilots' association (reftel), issuing a supreme decree authorizing the newly appointed superintendent of transportation to designate a controlling executive to oversee the airline's operations for 90 days. Businessmen opposed the GOB's action, calling it an omen of increasing government interference in the private sector, but at this early stage, their fears may be exaggerated. End summary.

12. (U) President Evo Morales intervened late February 9 to end an eight-day strike by members of Lloyd Aero Boliviano's pilots' association (reftel), issuing a supreme decree authorizing the newly appointed superintendent of transportation to designate a controlling executive to oversee the airline's operations for 90 days. Pilots immediately called off the strike, but newspaper reports indicate regular flights will not resume until the new controlling executive issues an appropriate order.

13. (U) Private sector representatives have strongly opposed the GOB's decision, interpreting it as an ominous first step toward greater government interference in the private sector. Confederation of Private Businessmen President Roberto Mustafa told Econoff he considered the intervention an "absolutely negative sign" of the GOB's intentions toward private companies, stressing that he and other businessmen were in "complete disagreement" with the government's action.

14. (U) Lloyd representatives, meanwhile, say they have no idea what powers the controlling executive might have or what his installation might mean for Ernesto Asbun, the airline's president and one of its major shareholders. Neither do airline managers know how Lloyd will handle demands for ticket refunds from thousands of stranded passengers, many of whom joined recent demonstrations calling for reimbursement. Industry representatives say Lloyd could owe passengers as

much as \$7 million, a sum that, when added to the millions lost to grounded flights over the last few days, will further strain the airline's already unhealthy finances.

15. (SBU) Comment: Businessmen have greeted the GOB's intervention as an omen of increasing government interference in the private sector, but their fears may be exaggerated. All will depend on whether this is a harbinger of things to come or merely an isolated incident in which the government acted on behalf of thousands of passengers when the parties to the dispute failed to resolve their differences on their own. President Morales acted in accordance with legal provisions authorizing intervention in enterprises governed by the Sectoral Regulatory System (SIRESE) when their ability to provide public services is threatened; in this sense, he acted within established bounds of presidential power. If he later exceeds those bounds, businessmen may indeed have reason to worry. End comment.  
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